

CITY OF MILPITAS
CITY COUNCIL (FINANCE) SUBCOMMITTEE
Wednesday, September 7, 2005, 4:00 p.m.
455 E. Calaveras Blvd.

I. CALL TO ORDER - Vice Mayor Gomez called the meeting to order at 4:05 pm

Attendance:

City Council: Vice Mayor Armando Gomez, Council member Debbie Giordano
Staff: Emma Karlen, Jane Corpus, Greg Armendariz, Clare Frank, Darryl Wong,
Leslie Stobbe, Richard Pio Roda

II. CITIZENS FORUM -

Robert Yen, Milpitas resident - feels that rather than imposing more taxes on the citizens, the City should find other ways to cover increasing city expenses. He also commended the acting City Manager's job performance, and felt it would be a benefit to the City to retain him as the permanent City Manager.

III. APPROVAL of MINUTES: The August 3, 2005 minutes were reviewed and approved.

IV. ITEMS FOR DISCUSSION

A. Fire Department Overtime:

Fire Chief Clare Frank – responded to the requests by Council at the last Finance Subcommittee Meeting: Over these last two months the Fire Department started implementing the various strategies to manage overtime use. The current savings to cutting back overtime is 60%, and the Department should be able to stay within the overtime budget. The Fire Chief will provide a quarterly report on overtime use to Council and is also working on the method to track overtime. The platoons' staffing is looked at daily in order to keep them balanced. Sick leave and disability use is monitored and tracked at each employee's annual performance review. Any adverse impact to performance is then addressed. This report will be included in the packet presented to Council.

Public Comment: Robert Yen, Milpitas resident – feels that the Acting City Manager is in a good position to work with the Fire Department and Police Department regarding increased salary expenses to the City.

B. Outside Vendors:

Leslie Stobbe, Solid Waste Administration – presented advertising alternatives for City outreach, focusing on residential single-family households. Other alternatives to newspaper advertising are: Cable TV Channel 15, Radio Station 1620 AM, City's Web

page, Milpitas Connection Guide published three times a year and the City utility bill messages (compact messaging). Leslie indicated that the county provides community programs, such as composting, and expects the City to provide the outreach. The composting programs were originally placed on the City's web page and Cable TV, but it was determined the ads in Milpitas Post brought in the greatest attendance.

Council member Giordano - Questioned if the City needs to meet some kind of standard or minimum requirements for advertising certain events? Additionally, even if people rely on newspaper advertising as the main source, wouldn't those interested seek the information elsewhere?

Leslie Stobbe - Indicated that in 1993, 1994 and 1998 the City conducted statistically reliable phone surveys and concluded that the weekly newspaper was the sought medium for information about the City. The findings also showed that if the outreach source is combined with weekly advertising and direct mail, we are able to reach the majority of our audience. We find that for advertising to be effective, one ad is not enough. The Web page has limitations and generally does not reach all ages and all socio economic levels. Utility bill inserts and also door hangers also seem to work. The goal is to determine how the target audience is trying to find information about the City and provide it through the media they are most likely to use. Conducting an updated survey would be beneficial.

C. Bid Notice and Legal Ad Requirements

Greg Armendariz, City Engineer – Our efforts are to try to minimize/reduce costs for advertisement for public contract bids. Following the Public Contract Code, our practice has been to run two ads per project, which costs \$700.00 per ad. We have started to implement what other cities currently do, that is reducing the size of the ad to print the minimum amount of necessary information for bidders, along with directions where they can access additional information. We are achieving about 50% savings with the new modifications.

Richard Pio Roda, City Attorney – Pursuant to the Public Contract Code, Sec. 20164, the City has to meet specific posting requirements for public projects. The requirement being questioned is the use of a “newspaper of general circulation, published and printed” in the city. Staff has determined that this requirement is not being met in Milpitas. According to the Public Contract Code, an alternative to this requirement is that posting can be done in three public locations in the city designated by ordinance.

Therefore, a draft ordinance is being presented for Council's review designating the three public locations for posting notices to invite bids, for public projects only, as defined by the Public Contract Code. The City has its own separate ordinance that defines advertising purchases, public notices, ordinances and other items according to the Government Code. Under the Government Code provisions, there is a “newspaper of general circulation” that meets the requirements. Other avenues of posting will continue to be used.

Greg Armendariz, City Engineer - The Website is now being used more extensively compared to before when only general information was posted. Now entire contractual requirements, bonding information, and more are being posted. Also, the trade publications continue to be used for posting.

Public Comment: Robert DeVincenzi, Milpitas Post – Wanted to clarify that the Milpitas Post is a “newspaper of general circulation” and has been since 1956. He feels the interpretation of Section 6000 is a very antiquated ordinance and was drafted during the time period when newspapers were published and printed in the same building. It is very uncommon for newspapers to print in the same city. He presented a survey of weekly newspapers in the greater bay area and almost all of them do not print in the same city in which they distribute. They are still the newspaper of general circulation for the city.

Council member Giordano – Asked the City Attorney if he thought these types of outdated laws may ever be revised or get updated? Her concern is that this type of law is in effect on the books.

Richard Pio Roda, City Attorney - Indicated that this particular section of the Public Contract Code has not been updated since 1982. He has checked the annotated codes, which contain the most recent updates, and there have not been any changes to this section. It is not unheard of for smaller cities to use the public posting requirements for advertising public project notices for bids.

Vice-Mayor Gomez - Asked if there is any case law that would indicate that when legislature passed that code stating “published and printed” in the city, that the word “and” could have been interpreted for “or”.

Richard Pio Roda, City Attorney - Stated that he also researched this possibility, and he did not find any legislative history that would indicate that.

- **This will be part of the report presented to Council in September.**

- 1) Legal Requirements for Posting Campaign ads -
Per Milpitas Municipal Code, the requirements remain the same as they are.
- 2) Line Item Expense for Legal Ads -
This item was settled at the last Council meeting and does not need further discussion.

D. Commissioner’s Recognition Dinner

A portion of the Commissioner’s Recognition Dinner budget is being redirected in order to fund CASP grant and youth grant programs. Council reviewed the two options that had been presented by Bonnie Greiner, Recreations Services Manager, to scale back this

event. Council decided that in lieu of having a Commissioner's dinner, we would hold a Commissioners Recognition Event at a designated City Council Meeting followed by a reception in the rotunda during the break.

Emma Karlen, Finance Director - As an update, the approved Cultural Arts grant was about \$14,000, with an additional approved for \$8,000 for youth sports grant and child care grant. If the Council goes forward with this to recommendation to scale back, we will still be about \$15,000 short.

- **This recommendation will be presented at the Council Meeting in September.**

E. Update - City-owned Home on Meadowland Drive

Vice-mayor Gomez - This item is will be discussed by Council during closed session.

F. One-time Funded Positions

Vice-mayor Gomez - Requested Finance to provide a list of all positions that were grant funded and intended to be a one-year position that have ended up being absorbed into the General Fund. Would like to review these positions to decide if they are still necessary.

- **Finance Department will research back five years and provide a list of grant-funded positions.**

G. Cost Savings for Deferring City Manager, Police Chief and Human Resource Director Appointments

Vice-mayor Gomez - Asked Finance staff to provide the cost savings for deferring the following position appointments:

- 1) City Manager - What savings are there between the salaries being paid out for the Acting City Manager vs. the salary for a permanent City Manager, including benefits, allowances, and the house allowance?
- 2) Police Chief - What would be the cost savings if:
 - a) The Police Chief position was filled in June 2006 vs. filling it in January 2006.
 - b) The Acting Police Chief would fall back to the Captain position and then go ahead and fill the Police Chief position.
 - c) Keep the Acting Police Chief position and leave the Captain position vacant?
- 3) Human Resource Director - Is there a cost savings regarding this position?

Emma Karlen, Finance Director - Presented a breakdown of the cost savings for these three positions:

- 1) City Manager position: Based on the new city manager being hired at the rate paid to former city manager, there would be an annual savings of \$21,000 (\$1,823 a month),

Vice-mayor Gomez - Indicated that when this is brought to Council for review, there should be some sort of assessed value to the benefit of the city-owned home rented by the former City Manager. This benefit allowed him to pay reduced mortgage, even though he paid the property taxes, insurance and homeowner's fees. We need to determine the difference in value of having a residence vs. a contracted City Manager; and quantify what is the fair market rental value for the property vs. what the former City Manager actually paid.

- 2) Police Chief position:
 - a) There is only a \$240.00 savings if we do not hire a new police chief. Since the current Acting Police Chief was hired before and grand fathered in, the City does not have to pay Medicare for him.
 - b) The current vacant Captain position savings is \$253,000 annually. However, this position was not funded and is part of the 5% budget cut from the Police Department's budget, so the savings again cannot be counted again.
 - c) If we decide to recruit a new Police Chief, we would have to go back to Council and request more money for the Police budget - (\$253,000 a year).

Public Comment: Robert Yen, Milpitas resident - Disagreed with the amount of cost savings for deferring the Police Chief position. He feels that the savings is not \$1,823 a month, but more like \$10,000 a month.

- 3) Human Resource Director position: The HR Director position was funded in this current fiscal year. There are two savings:
 - a) The difference between the current Acting HR Director salary and the new HR Director salary if brought in at the previous HR Director salary is \$61,000 annually.
 - b) Because the current Acting HR Director is an Administrative Analyst working out-of-class, the Administrative Analyst position is not currently being backfilled.

The combined savings of the two positions is \$175,000 to the general fund.

The accumulated cost savings will come from Commissioner's Dinner and deferring the Human Resources Director position.

- **Our recommendation to Council will be to defer filling these positions for six months, and request Council to restore the CASP grants based on these cost savings. If they approve the cost savings, then we will move ahead and fund the grants.**

V. OTHER BUSINESS

None

VI. NEXT MEETING - Wednesday, October 5, 2005 at 4:00 pm

VII. ADJOURNMENT